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RELAY ADMINISTRATION BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 25 1996

RELAY ADMINISTRATION BOARD

DECEMBER 31, 1995

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INDEPENDENT AUDITORS' REPORT

* A PROFESSIONAL CORPORATION

To the Board of Directors
Relay Administration Board
Baton Rouge, Louisiana

We have audited the Statement of Financial Position of Relay Administration Board (a nonprofit organization) as of December 31, 1995, and the related Statements of Activities and Cash Flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Relay Administration Board as of December 31, 1995, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

*Wright, Moore, DeHart,
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DUPUIS & HUTCHINSON
Certified Public Accountants

August 1, 1996

WMDDH

RELAY ADMINISTRATION BOARD
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 1995

ASSETS

CURRENT ASSETS

Cash and Interest Bearing Deposits	\$ 462,345
Investments	7,501,890
Accounts Receivable	1,084,838
Accrued Interest Receivable	<u>91,830</u>

TOTAL ASSETS \$9,140,903

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 129,658
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NET ASSETS - Unrestricted 9,011,245

TOTAL LIABILITIES AND NET ASSETS \$9,140,903

The Accompanying Notes are an Integral Part of This Statement.

RELAY ADMINISTRATION BOARD
 STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 1995

REVENUES

Telephone Access Fees	\$3,315,861
Contract Reimbursements	1,087,868
Dividend Income	28,130
Interest Income	342,769
Unrealized Gain on Investment Transactions	<u>187,542</u>

TOTAL REVENUES \$4,962,170

EXPENSES

Bank Charges	150
Interpretation Services	198
Legal and Professional	2,000
NASRA Dues	200
Relay Services	1,577,572
Travel and Conventions	<u>7,955</u>

TOTAL EXPENSES 1,588,075

INCREASE IN NET ASSETS 3,374,095

NET ASSETS AT BEGINNING OF YEAR 5,637,150

NET ASSETS AT END OF YEAR \$9,011,245

The Accompanying Notes are an Integral Part of This Statement.

RELAY ADMINISTRATION BOARD
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1995

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	\$ 3,374,095
Adjustment to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:	
Unrealized Investment Gains	(187,542)
Changes in Current Assets and Liabilities:	
Accounts Receivable	(104,496)
Accrued Interest Receivable	(40,476)
Accounts Payable	<u>(229,937)</u>
Net Cash Provided by Operating Activities	<u>2,811,644</u>
CASH USED IN INVESTING ACTIVITIES	
Purchase of Certificates of Deposit	(3,216,931)
Sales and Redemptions of Certificates of Deposit	849,000
Purchase of Government Securities	(611,580)
Sales and Redemptions of Government Securities	350,000
Principal Collections on Collateralized Mortgage Obligations	<u>35,068</u>
Net Cash Used in Investing Activities	<u>(2,594,443)</u>
NET INCREASE IN CASH	217,201
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>245,144</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 462,345</u>

The Accompanying Notes are an Integral Part of This Statement.

RELAY ADMINISTRATION BOARD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Form of Operations - Relay Administration Board (RAB) is a non-profit organization created by the Louisiana Public Service Commission as provided by Order Number U-17656-A pursuant to the telecommunications sections of the Americans with Disabilities Act of 1990 and other applicable regulations adopted by the Federal Communications Commission. The Board is comprised of five members who serve indefinite terms at the discretion of the Louisiana Public Service Commission. The RAB is charged with the responsibility of oversight of telephone relay services for the State of Louisiana, insuring equal access to telecommunications services for all hearing and speech impaired citizens, and acting as a liaison between the relay service provider and the Louisiana Public Service Commission.

Financial Statement Presentation - In 1994, the Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Non-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a Statement of Cash Flows. As permitted by this new statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets as required. As of December 31, 1995, the Organization has only unrestricted net assets.

Cash and Cash Equivalents - For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Income Taxes - RAB is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. Income determined to be unrelated business income is taxable. Also, in accordance with Section 6033 and Section 115 of the Internal Revenue Code, related purpose receipts are excludable from gross income for federal income tax purposes, therefore exempting RAB from the requirement of filing annual returns.

RELAY ADMINISTRATION BOARD

NOTES TO FINANCIAL STATEMENTS - continued
DECEMBER 31, 1995

(B) INVESTMENTS

Investments are carried at their aggregate lower of cost or market value. Investments at December 31, 1995, are summarized as follows:

	<u>Cost</u>	<u>Value</u>	<u>Appreciation (Depreciation)</u>
Certificates of Deposit	\$5,400,257	\$5,410,844	\$ 10,587
Government Securities	1,962,797	1,963,468	671
Collateralized Mortgage Obligations	<u>138,836</u>	<u>130,420</u>	<u>(8,416)</u>
TOTAL	<u>\$7,501,890</u>	<u>\$7,504,732</u>	<u>\$ 2,842</u>

(C) ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 1995, consisted of the following:

Telephone Access Fees	\$ 273,194
Contract Reimbursements	<u>811,644</u>
Total Receivables	<u>\$1,084,838</u>

(D) FUNDING SOURCES

The operations of RAB are funded as follows:

Telephone Access Fees - In conjunction with Act 660 of the 1988 Regular Legislative Session of the State of Louisiana and Order No. U-17656-B of the Louisiana Public Service Commission, RAB is authorized to collect eleven cents (11¢) per access line for each local exchange carrier to the extent such collection is required to fund the telephone relay services of the State of Louisiana.

Contract Reimbursements - RAB has a professional services contract with the State of Louisiana Department of Social Services (DSS) to provide telephone relay service throughout the State of Louisiana to facilitate

RELAY ADMINISTRATION BOARD

NOTES TO FINANCIAL STATEMENTS - continued
DECEMBER 31, 1995

(D) FUNDING SOURCES - continued

telecommunications between individuals with a hearing or speech disability and other members of the community. Under this contract, RAB may be reimbursed by DSS for its cost of providing such services up to \$1,000,000 for the contract term of July 1, 1995, through June 30, 1996. Unreimbursed costs of \$811,644 through December 31, 1995, have been accrued as revenues.

(E) CASH FLOW DISCLOSURES

There were no payments for interest expense or income taxes during 1995.

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ADDITIONAL INFORMATION

The reports on Internal Control Structure and Compliance presented on the following pages are required by Government Auditing Standards promulgated by the United States Comptroller General and the Louisiana Governmental Audit Guide.

*Wright, Moore, DeHart,
Dupuis, & Hutchinson*
WRIGHT, MOORE, DEHART
DUPUIS & HUTCHINSON
Certified Public Accountants

August 1, 1996

WMDDH

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

* A PROFESSIONAL CORPORATION

To the Board of Directors
Relay Administration Board
Baton Rouge, Louisiana

We have audited the financial statements of Relay Administration Board as of and for the year ended December, 31, 1995, and have issued our report thereon dated August 1, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the component unit of Relay Administration Board for the year ended December 31, 1995, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The Relay Administration Board is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

WMDDH

For purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Cash and Investments
Revenues and Receivables
Procurements and Payables

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors of the Relay Administration Board, the State of Louisiana Department of Social Services, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis, & Hutchinson*
WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON
Certified Public Accountants

August 1, 1996

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Relay Administration Board
Baton Rouge, Louisiana

We have audited the financial statements of Relay Administration Board as of and for the year ended December 31, 1995, and have issued our report thereon dated August 1, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Relay Administration Board is the responsibility of Relay Administration Board. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Relay Administration Board's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instances of noncompliance that are required to be reported herein under Government Auditing Standards for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the financial statements.

WMDDH

Due to ongoing contract negotiations with the State of Louisiana Department of Social Services for the 1995 contract year, significant information concerning a material revenue source was not available for review or testing. This resulted in the failure of the Organization filing a timely annual audit report with the State of Louisiana Legislative Auditor. The Organization has sufficient controls in place to complete contract negotiations and file audit reports in a timely fashion, but was waiting on DSS to complete the 1995 contract. The Organization has completed its 1996 contract negotiations with DSS and should not experience any difficulty in filing the 1996 annual audit within the time allotted by state law.

We considered these instances of noncompliance in forming our opinion on whether Relay Administration Board's financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated August 1, 1996, on those financial statements.

This report is intended for the information of the Board of Directors of the Relay Administration Board, the State of Louisiana Department of Social Services and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
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Certified Public Accountants

August 1, 1996